

ROUTING AND RECORD SHEET

SUBJECT: (Optional)

Proposed Agency Salary Schedule

FROM:

C/PMCD
1016 Ames

EXTENSION

NO.

DATE 29 APR 81

TO: (Officer designation, room number, and building)

DATE

RECEIVED

FORWARDED

OFFICER'S
INITIALS

COMMENTS (Number each comment to show from whom to whom. Draw a line across column after each comment.)

1. DD/PA&E
1006 Ames

2.

3. EA/PPPM
5E58 Hqs.

4.

5. DD/PPPM
5E58 Hqs.

6.

7.

8. D/PPPM
5E58 Hqs.

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11.

12.

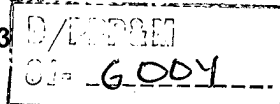
13.

14.

15.

1 to 3-7:

In order to prevent "spinning our wheels," answers to the questions posed in the attached memorandum will give us the guidelines for use in developing an Agency Salary Schedule. I suggest we discuss this with you to get an agreed OPPPM position and then have a PMAB review.



5 MAY 1981

MEMORANDUM FOR: Director of Personnel
Policy, Planning, and Management

STAT
FROM:

Chief, Position Management
and Compensation Division

SUBJECT: Proposed Agency Salary Schedule

1. Based on the recent Personnel Management Advisory Board decision to design a CIA salary schedule, we have been thinking about possible features to incorporate into such a schedule. Because there are an infinite number of combinations which could be incorporated into a new schedule, it is essential that we attempt to frame some parameters so that we do not devote significant man-hours in a direction which is off target.

2. There are certain standard principles that are traditionally followed in any compensation plan, but we believe the direction we take should be reflective of Personnel Management Advisory Board policy guidance. In an effort to obtain a better appreciation of the direction we should take, we have prepared the following check list of options for your consideration. We have also included our recommendations and comments when we considered it appropriate. If you would check the areas you believe merit consideration in preparing a new salary schedule, we will use them as the framework for our proposed plan.

a. Thus, we would like to know what you believe should be used as the primary justification(s) for a special pay schedule. At the outset, the development of a solid rationale for a CIA salary schedule would help guide the thrust of any plan developed and would go a long way in assuring success of implementation. In your opinion, should the justification be:

- Recruitment difficulties.
- Retention difficulties.
- Need to increase our competitive position in the labor market.
- Failure of Executive Branch to adequately administer '64 Pay Comparability Act.
- GS Schedule does not adequately reflect unique mission of the Agency.
- Desire to exercise DCI's exemption from Title V (1949 Classification Act).

b. The two basic characteristics of any pay schedule are level and structure. We believe both of these are of equal importance. Level refers

to the overall external relationship of salaries to the labor market. Structure has to do with the internal relationship of occupational groups to the pay schedule. To assist us here, we would like to know whether:

- The relationship of occupational groups to the schedule is about right, but the overall salary level should be raised.
- The overall salary level relationship to the GS Schedule should be roughly preserved, but the internal structure should be examined.
- The overall salary level should be raised and the internal occupational relationships should also be examined.

c. The development of a new compensation plan would allow us to "fine tune" salaries of various occupational groups to be competitive with labor market conditions. We believe this could be best accomplished through the creation of more than one pay schedule. To assist us, however, we need to know what configuration should be considered in a pay schedule.

- A single schedule covering all categories of positions.
- Two separate schedules -- professional and non-professional (as was proposed by OPM in the 1968 Pay Reform Bill).
- Three separate schedules -- professional, paraprofessional and clerical.
- A master schedule for most employees along with separate schedules for selected occupational groups (secretaries, etc.).

d. We believe that, because of wide variances in cost of living, there is validity to the argument that standard ranges for CONUS positions violates the concept of equal pay for equal work. On the other hand, the Agency has relatively few domestic positions outside the DC metropolitan area. How do you believe domestic positions should be compensated?

- Uniform nationwide rates.
- Area differentials indexed to local labor markets (Washington)

e. There is considerable debate among pay experts about whether the 15 grades in the GS Schedule provide appropriate grading distinctions. We believe there is merit in retaining the 15 grades at this time to facilitate the use of standards and to allow for external Federal grade comparisons. Are the 15 grades in the GS Schedule:

- Too few.
- Too many.

STAT

- About right.
- About right but could be banded within given occupational areas (China Lake).

f. The present GS Schedule is constructed with a 10% grade differential through GS-10 and 20% from GS-10 to GS-15. This reflects the practice in Title V of Agencies granting one grade promotions below GS-09 and two grade promotions above. Since the Agency consistently follows the one grade promotion practice, we believe that consideration should be given to equalizing the grade differential. Is the present differential:

- Too small.
- Too large.
- Uneven and should be equalized throughout the grades.

g. Salary schedules usually contain salary ranges with a spread of 30-50%. The 50% spread provides higher maximums, but also creates more "range overlap". The GS Schedule contains ranges which have approximately a 30% spread from minimum to maximum. Is this:

- About right.
- Too small.
- Too large.

h. The step increments in each GS grade (range) are a constant dollar amount and generally approximately 3-4%. Because an increase of this size is relatively insignificant to most employees, many pay experts believe that greater motivation is provided by larger increments even if they are offered less frequently. Should the steps in the new schedule:

- Reflect a constant dollar amount;
 - about the same.
 - fewer dollars.
 - more dollars.
- Reflect a constant percent amount;
 - about the same.
 - smaller percentage.
 - larger percentage.

i. The number of steps in a pay schedule are a function of both the range spread and step increments. Are the ten steps in the GS Schedule:

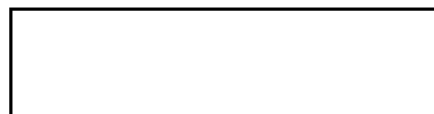
- About right.
- Too few.
- Too many.

j. Any Agency pay schedule which is adopted will require periodic (yearly) maintenance. Should our approach be to:

- Index to October White House "comparability" raises which have traditionally been less than OPM survey recommendations.
- Index to CPI data (BLS).
- Effect internal adjustments based on available survey data (AMA, etc.).
- Conduct our own surveys (which would require considerably more staff).

k. Presently, our regulations require D/PPPM approval for an in-hiring step which exceeds step one and for a Quality Step Increase. One of the options being considered by pay experts to provide additional pay flexibility is to allow managers to set in-hiring rates and advance employees through the range independently. Should we be willing to delegate to the Deputy Director level authority to:

- Set in-hiring rates.
- Approve QSIs.
- None of the above.



STAT